

AT A PUBLIC HEARING OF THE CULPEPER COUNTY BOARD OF SUPERVISORS ON THE PROPOSED FY 2006-2007 BUDGET, OPERATING AND CAPITAL, AND PROPOSED CALENDAR YEAR 2006 TAX RATES, HELD IN THE BOARD ROOM LOCATED AT 302 N. MAIN STREET, ON APRIL 18, 2006

Board Members Present: John F. Coates, Chairman
Steven E. Nixon, Vice-Chairman
Larry W. Aylor
William C. Chase, Jr.
Sue D. Hansohn
Brad C. Rosenberger
Steven L. Walker

Staff Present: Frank T. Bossio, County Administrator
J. David Maddox, County Attorney
Valerie H. Lamb, Finance Director
Peggy S. Crane, Deputy Clerk

CALL TO ORDER

Mr. Coates, Chairman, called the meeting to order at 7:00 p.m.

RE: AGENDA ADDITIONS AND/OR DELETIONS

Mr. Nixon moved, seconded by Mrs. Hansohn, to approve the agenda as presented.

Mr. Coates called for voice vote.

Ayes - Aylor, Chase, Coates, Hansohn, Nixon, Rosenberger, Walker

Motion carried 7 to 0.

Mr. Coates stated that the public hearing had been called by the Board of Supervisors pursuant to the *Code of Virginia* to hear public comments regarding (1) the proposed FY 2006-2007 County Budget, Operating and Capital Budget, and (2) proposed tax rates for Calendar Year 2006. He reviewed the rules of order to be followed in order that the Board of Supervisors could receive the full benefit of the public's comments. He asked each speaker to state his/her name and Magisterial District and limit remarks to no more than three minutes.

Mr. Frank Bossio, County Administrator, announced the recent death of Mrs. Susie Updike, a valued County employee, and asked that a moment of silence be observed in her memory.

THE BOARD WILL RECEIVE PUBLIC COMMENTS ON THE PROPOSED FY 2006-2007 BUDGET FOR YEAR ENDING JUNE 30, 2007

Mr. Bossio made a PowerPoint presentation entitled "Team Culpeper Welcomes You to the FY 2007 Budget Presentation". He reviewed the schedule for developing the budget, beginning with the budget call issued in November 2005 and ending with the current public hearing. He stated that the Board would adopt the approved budget, the tax rates for the calendar year, and the CIP on April 25, and approve the appropriations for FY 2006-2007 at its regular meeting on May 2.

Mr. Bossio discussed the proposed revenues and expenditures and indicated a large portion of the revenue was derived from State funds for the schools and local property taxes. He noted that expenditures consisted of 52 percent for the school operating budget, 22 percent for the General Fund, and 3 percent for the County's Capital Improvement Plan (CIP), with smaller amounts for school debt, school food services, and special revenue and enterprise funds. He explained the importance of maintaining the General Fund balance until real estate and personal property taxes were received. He stated that \$2.9 million of the General Fund were dollars returned from the School System and \$4.2 million was to be used for cash management to avoid borrowing funds while awaiting tax revenues.

Mr. Bossio reported that the advertised tax rate to fund the entire budget was set at 96 cents per hundred (89 cents real estate tax plus 7 cents for fire and rescue) and a proposed increase of \$1 per hundred on personal property to pay for the approximately \$4 million per year of debt service for the new high school. He listed the priorities as public safety, education, general administration and capital improvements. He stated that the goal for FY 2007 was a balanced budget with a zero real estate tax rate. He said it could be achieved by eliminating over budgeting and receiving the anticipated increase of \$5.426 million from the State for the schools.

Mr. Bossio stated the new positions being requested were Assistant County Attorney, Procurement Assistant, Criminal Justice Services' Probation Officer, part-time position in the Judge's Office, and a training position in Fire and Rescue. He noted that the request for 12 new positions for Emergency Services would be funded by a pay for services program which would charge for ambulance services. He explained that increases in salaries and benefits were due to the County's decision last year to move some employees to midpoint and this year's COLA and Pay for Performance averaging 4.15 percent. He noted that over the last seven years, employees had averaged pay increases of 3.3 percent while the cost of living average was 2.67 percent. He noted a position had been included

for the Health Department in the amount of \$34,886 for a dental technician to be shared by five counties. He pointed out the \$417,195 included for revenue sharing was a match dollar-for-dollar with State funds for road construction and \$1 million from the fund balance to build the outer loop. He also pointed out that approximately \$700,000 of the \$1,483,578 in new personnel requests would come from the State and revenue recovery, and approximately \$1.7 million of the \$2,790,268 in nonpersonnel mandated would come from cash management.

Mr. Bossio reported that staff had been modeling potential future courses of action and, in order to model the future, they had to understand the implications of the past. He presented slides that showed historical data, such as from 2002 to 2006 the average selling price of an existing home had increased 63.3 percent and new residential construction permits had increased 172.4 percent. He also showed that increases in real estate tax rates occurred when reassessments were done. He stated that from information supplied by the Department of Taxation in March 2006, all housing in Culpeper County was at 50.2 percent of fair market value, which would be a consideration during reassessment. He discussed revenue adjustments for property in land use and tax relief for the elderly and disabled and pointed out that each penny of real estate tax represented \$317,678 in revenue.

Mr. Bossio stated that the total requested increase for FY 2007 was approximately \$23 million, which included \$2.2 million for 10 additional classrooms at Farmington Elementary, \$2 million for the outer loop road, and ongoing costs from the General Fund for the Community Complex, landfill, water/sewer and the Department of Human Services. He also stated that public demand for services determined the need for the Emergency Operations Center and its radio system, emergency medical services, law enforcement, and education.

Mr. Bossio provided extensive information on the requirements of the School System, such as salary improvements, benefits, and 33 new teaching positions and 14 other positions, totaling approximately \$9.8 million, which would be offset by State/Federal and other local revenues expected of \$5.6 million to leave a net total local increase of \$4.2 million. He noted that the debt service for the new high school would be \$1.5 million in FY 2006 and would rise to \$2.9 million in FY 2007-2008 and \$3.9 million in FY 2009-2033. He

also noted that the new addition at Farmington would cost \$1.8 million, plus \$400,000 in soft costs.

Mr. Bossio thanked Dr. David Cox, Superintendent of Schools, and his staff for providing information on the growth in the schools. He said there were 540 new students in the schools to date, and the school budget had been based on a projection of 7,411 average daily membership in FY 2007 versus 6,762 in FY 2006, or 649 new students between those budget years. He noted that the current per pupil expenditure (PPE) of State and local funds was \$7,850, or \$5.1 million. He stated that factors affecting PPE were increases or decreases in student enrollment during the year, underspending by the localities, and whether food service was included in the submissions. He said that Rappahannock, Orange and Spotsylvania Counties included food service, while Culpeper, Fauquier and Madison Counties did not. He referenced the State Superintendent's report regarding real expenditures comparing the counties mentioned above. He also referenced charts that compared Culpeper County's average daily membership for FY 2001 through FY 2007 and the factors affecting PPE, the PPE using actual versus budgeted figures, changes in enrollment versus changes in full-time instruction, and salary comparisons for Culpeper County and surrounding counties; and discussed the various factors to be considered such as utilities, benefits, and transportation. He said consideration also needed to be given to whether new teachers would be hired at midrange or lower, the teachers' pay for those who would be retiring, and the drawdown on Federal dollars. He noted that the County had collected approximately \$1 million in Title VI-B funds to date, but two payments were posted in July that were reconciled to last fiscal year, which was a part of the \$2.9 million turned in, and two payments had been posted to this fiscal year.

Mr. Bossio provided an analysis of local funding to the School System that showed the amounts requested, appropriated, and actual expenditures from 1992 through March 31, 2006. He pointed out that the three categories were relatively close until 2002 when actual expenditures were lower than what was appropriated. He stated this was an area the School System and the County would need to address.

Mr. Bossio stated that the FY 2007 funding request was calculated at \$5.4 million based on a PPE of \$8,316 for 649 students. This equaled approximately \$2.2 million of required local funding using the new composite index of 40.62 percent. He recommended

that \$2 million be targeted for operations, \$500,000 for future capital and \$2.2 million for the CIP.

He proposed that the County and School System work together to reduce the operating residuals to pre-2001 levels; and that the Board of Supervisors increase the dedicated, unappropriated "Emergency Funds" from \$500,000 to \$1 million, and require dedicated funding to the School CIP as opposed to returning excesses to the CIP whenever possible. He stated that his proposal was \$283,102 short of the \$9,806,625 requested by the School Board, but believed that deficit could be realized by working together on the utilities budget.

Mr. Bossio provided a breakdown of the approximately \$4.5 million in the CIP for FY 2007, which included \$3 million (\$2 million local funding; \$1 million State match) for the West Loop Road.

Mr. Bossio explained that the FY 2007 budget contained \$127,226,735 in revenues and \$126,726,735 in expenditures, and the excess \$500,000 would be allocated to future school capital. He said the budget could be balanced without an increase in real estate tax which would remain at 89 cents per hundred, and staff was recommending that the personal property tax be increased from \$2.50 to \$3.50 per hundred.

Mr. Bossio explained that an integrated financial planning model was used to identify the County's capital needs and to balance the priority and timing of those needs with the County's financial resources. He said the model included components on tax impact, revenues and expenditures, and growth planning. He presented a ten-year plan totaling approximately \$142 million that included a new elementary school, a new middle school, renovations to the high school, a new jail facility, and other miscellaneous projects.

Note: Mr. Bossio's presentation is available on CD's and the County's web site, or a paper copy may be requested.

Mr. Coates opened the public hearing on the proposed FY 2007 budget, and called for public comments. He said a second hearing would cover the proposed tax rates.

Mr. George Bryson, Jefferson District, expressed his opposition to any tax increase because it would be unfair for a small group of people to pay for all the needs of the County. He said that the developers should share the burden because of uncontrolled growth.

Mr. Andrew Cox, West Fairfax District, a student at Pearl Sample Elementary School, urged the Board to approve the budget so that his teachers and principals could concentrate on educating the students and not have to worry about adequate salaries.

Ms. Annemarie Steimel, Jefferson District, President of the High School's PTSA, spoke in support of the School System's budget. She stated she was a parent of students in the elementary, middle and high schools, as well as a taxpayer and homeowner. She maintained that the education portion of the County budget had decreased from 72 percent to 60 percent over the past 13 years, and the County could not offer the best education without paying and retaining good teachers. She stated that the 6 percent raise and proposed annuity program would help in hiring new teachers and retaining the current staff. She also stated that the \$2.9 million balance from last year should be placed in the School's CIP for needed repairs and strongly advocated that the School budget be fully funded.

Mr. Michael Duby, West Fairfax District, a student at Pearl Sample Elementary School, spoke in support of the School budget. He informed the Board that he was depending on them to provide a better future for all Culpeper County public school children by offering the teachers better salaries and benefits so they would remain in the schools.

Ms. Elifa Cox, West Fairfax District, a student at Floyd T. Binns Middle School, asked the Board to approve the budget submitted by the School Board. She said she wanted what was best for her school and that meant paying the teachers and administrative personnel top dollars in order to have the best.

Mr. Michael Peters, Jefferson District, stated he had two children in elementary school and one in middle school and he would welcome a modest tax increase to fund the increased school budget. He asked the Board to approve the proposed school budget in order to attract and retain better teachers.

Mrs. Elifa Thomas Cox, West Fairfax District, spoke in support of the school budget. She asked the Board not to shop for bargains, but to fund a budget that would pay for top-notch teachers to educate the children of Culpeper County.

Ms. Margie Blankenship, East Fairfax District, stated she had two honor roll children in Sycamore Park Elementary School and implored the Board to support the school budget in order to keep the good teachers and provide a good education to all children in the County.

Ms. Erica Hoyt, Catalpa District, stated she would be happy to pay the increase in taxes to allow the children in the County to reap the benefits of a good education and asked the Board to support the School budget.

Ms. Kristen Nelson, PTO President at Emerald Hill Elementary School, stated that

she volunteered approximately 15 hours per week in the school and understood the needs of the students and teachers. She urged the Board to pass the school budget as presented so that teachers would not need to have second jobs in order to afford to live and work in Culpeper County.

Mr. Kerst ter Weele, Catalpa District, thanked the Board for the many services provided to the citizens. He said he understood they were bound by the Dillon Rule imposed by the Virginia legislature that ensured new people moving to the County would not be differentiated from the current residents. He acknowledged that the Board had a difficult job in dealing with the growth, but urged that the children be provided with better facilities than the prisoners in a new jail. He noted that a teacher being paid \$34,000 could not afford to buy a \$300,000 house in the County.

Mr. Brock Hodgson, West Fairfax District, stated that he and his wife, Gretchen, were both teachers in the County. He said it was very important that the teachers be paid adequately in order to keep them because the children in the County deserved the very best. He stressed the importance of providing adequate pay to the teachers in order to attract the most qualified teachers. He urged the Board to approve the budget, not only for the teachers but for the school children as well.

Mrs. Gretchen Hodgson stated she agreed with her husband's comments and urged the Board to approve the budget and help good teachers stay in Culpeper.

Ms. Dray Walker, West Fairfax District, stated she was a parent of two sons in Sycamore Park and was also an employee of the Culpeper County schools. She explained that she and her husband had been unable to purchase a home even with their combined salaries as teachers and urged the Board to approve the budget and the 6 percent raises for the teachers.

Ms. Kalee Pfahl stated she was an art teacher who taught half-time at Farmington Elementary School and half-time at Sycamore Park because there were insufficient funds to hire another art teacher. She said she had to take a second job in order to be able to pay her bills and urged the Board to favorably consider the school budget.

Mrs. Lesley Lezcano, Jefferson District, asked the Board to approve the School Board's proposed budget. She said she and her husband had children in the elementary, middle and high schools in the County and she wanted all students to be motivated to maximize their potential. She urged both the School Board and Board of Supervisors to

visit the classrooms as much as possible to observe the interaction of students and teachers.

Ms. Chris Willis, Salem District, stated she came to Culpeper over 30 years ago as a teacher and ended up quitting in 1980 because she was unable to live on a teacher's salary. She said she had a child in high school and one in middle school, and she had watched the percentage of the education budget drop from over 70 percent to 60 percent while the number of employees in the School System continued to grow. She asked the Board to approve the budget established by the School Board to fund not only teachers' salaries, but the overall education program as well.

Mr. Peter W. Lemond stated he had two children in Sycamore Park Elementary School and he agreed that the Board needed to fund the schools in order to attract the very best teachers. He urged them not to worry about the cost as they would be investing in the future.

Ms. Joyce Tyree, East Fairfax District, stated she was speaking as President of the Culpeper County Education Association and represented over 470 school employees. She urged the Board to support the school budget in its entirety and give the teachers and employees what they needed to educate the children.

Mr. Glenn McGlenny, Catalpa District, stated he and his wife, Jennifer, were homeowners in the County with a child in kindergarten. He said they were fortunate to be able to decide whether to send their child to private school or public school, and decided on public school. He said they had been extremely pleased with the quality of education and he wanted to go on record as expressing his support for the school budget as presented in order to retain the current teachers and attract even better teachers.

Mrs. Doris Clatterbuck, Salem District, stated she appreciated the support expressed for the school budget, but asked the Board to consider the other Departments in the County that also needed funding. She thanked Mr. Bossio for the excellent budget and thought everyone should be satisfied. She opposed an increase in real estate taxes, but agreed with an increase in personal property taxes.

Ms. Sherry Settle, Catalpa District, stated she and her husband had a daughter who graduated last year, one at the high school, and one in seventh grade at Culpeper Middle School, and they were in favor of the school budget.

Mr. Daniel Lewis, West Fairfax District, expressed his support for the school budget.

He said he was a student and the budget was a step in the right direction in providing quality education and ensuring that the teachers stayed in the County to continue to teach him.

Mr. Richard Goff, Cedar Mountain District, thanked the Board of Supervisors, School Board and County staff who had been involved in the preparation of the budget. He stated he was in favor of direct public services in Culpeper County. He said the School Board should redirect the focus of the teachers, educators, principals and others in the schools to direct services toward the children and should provide competitive salaries, increased benefits, and better working conditions for these workers before compensation for nondirect service personnel was considered.

With no further comments, Mr. Coates closed the public hearing on the proposed budget.

THE BOARD WILL RECEIVE PUBLIC COMMENTS ON THE PROPOSED CALENDAR

YEAR 2006 TAX RATES: Real estate tax from \$.82 to \$.89, fire/rescue tax remain at \$.07, personal property tax from \$2.50 to \$3.50, aircraft to remain at \$2.50, and machinery & tools tax to remain at \$2.00.

Mr. Coates opened the public hearing on the proposed 2006 tax rates and called for public comments.

Mr. George Bryson, Jefferson District, stated he was in favor of educating the children in the County, but his concern was that a fair tax should be paid by everyone and not just those who owned real estate. He pointed out that real estate taxes had continued to increase and created a hardship on those who lived on fixed incomes. He said he wanted the best for everybody but everybody should pay.

Mrs. Doris Clatterbuck, Salem District, spoke against increasing real estate taxes, but supported an increase in personal property taxes since everyone owned a vehicle or two.

With no further comments, Mr. Coates closed the public hearing on the proposed tax rate. He thanked those who addressed the Board for their participation and stated their comments would be taken under consideration.

Mr. Coates announced the meeting was adjourned at 8:48 p.m.

Peggy S. Crane, CMC
Deputy Clerk

John F. Coates, Chairman

ATTEST:

Frank T. Bossio
Clerk to the Board

Approved: June 6, 2005